

## **Samuel Terry Absolute Return Fund – May 2013 monthly report**

The Fund's performance (net of fees), and those of the Australian All Ordinaries Accumulation Index and the MSCI World Equities Index, are as follow:

<b>To 31 May 2013</b>	<b>STAR</b>	<b>All Ords</b>	<b>MSCI (\$A)</b>
1 month	8.68%	-4.39%	8.02%
3 months	11.96%	-2.96%	11.79%
1 year	23.95%	24.23%	28.53%
3 years (%p.a.)	26.11%	7.96%	8.26%
5 years (%p.a.)	13.71%	1.19%	1.78%
Since inception on 1 Nov 2003 (%p.a.)	10.52%	8.79%	4.18%

The Fund benefitted from the 7.7% decline in the Australian dollar against the US dollar, partly because of the 29% of the Fund held in foreign shares, but also because several of our Australian holdings have a high proportion of \$US revenues and \$A expenses. Examples of this include medical supplier **ITL** (4.2% of the Fund) which rose 18% and investment bank **Macquarie Group** (2.8% of the Fund) which rose 13%. We sold some Macquarie shares during the month partly because of valuation, and partly as a risk control measure because we have 8.2% of the Fund in **Goldman Sachs**, which rose 11%.

Australian insurer **Calliden** (5.1% of the Fund) rose 24% because of an improving outlook.

Australian high-yield lender **Keybridge Capital** (9.3% of the Fund) rose 14% after completion of asset sales which enabled it to repay the last of its bank debt. Despite the rise, the shares still trade at a discount to NAV<sup>1</sup> of over 30% and about 40% of the share price is backed by cash. The Fund bought some more Keybridge shares during May.

The Fund started buying shares of an Australian property company, at a discount to NAV of about 45%. Apart from its discount to NAV, I was attracted by the potential large upside from a court case, and substantial share buying by the CEO. By month end, only 1.3% of the Fund had been invested in this company.

The Fund's net asset value per unit was \$1.4788 at month end. The Fund owned securities issued by 24 companies. 3.2% of the Fund was in \$A cash.

Fred Woollard  
12 June 2013

*Samuel Terry Asset Management Pty Limited (AFSL 278294) does not guarantee the repayment of capital or any particular rate of return from the Trust. Past performance is no guarantee or indication of future performance. The unit price can go down as well as up. Investment returns have been calculated in accordance with normal industry practice utilising movements in the unit price and assuming reinvestment of all distribution of income and realized profits. The above report does not take into account a reader's investment objectives, particular needs or financial situation. It is general information only and should not be considered as investment advice and should not be relied on as an investment recommendation.*

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<sup>1</sup> Net Asset Value (usually expressed on a per share basis)